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Thailand

NHA 8039

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Cette publication est aussi disponible en français sous le titre : *Thaïlande* LNH 8039.

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Printed in Canada
Produced by CMHC

TABLE OF CONTENTS

GEOGRAPHY	1
DEMOGRAPHICS	2
ECONOMIC OVERVIEW	3
POLITICAL OVERVIEW	4
TRADE POLICY	5
HOUSING CONDITIONS	6
HOUSING SECTOR	7
Overview	7
Major Participants in the Housing Industry	7
Relevant Regulatory Systems	7
Housing as a National Priority	7
State of the Local Housing Market	8
State of Local Distribution Systems	8
State of Local Transportation Systems	8
MATERIALS, LABOUR AND FINANCING	9
Materials	9
Labour	9
Financing	9
HOUSING MARKET ACTIVITY, NEED AND DEMAND	10
Local Technology	10
Local Housing Activities	10
Housing Need	10
EXPORT OPPORTUNITIES AND STRATEGIES	12
Principal Foreign Competitors	12
Opportunities	12
Strategies	12

BUSINESS ENVIRONMENT	13
Business Customs	13
Business Infrastructure	13
Distribution and Sales Channels	14
Finding a Partner	14
Joint Ventures and Licensing	14
Establishing an Office	14
Selling Factors and Techniques	15
Advertising and Trade Promotion	15
Pricing Products	15
Sales Service and Customer Support	15
Selling to the Government	15
Protecting Your Intellectual Property	15
Need for Local Legal Assistance	16
Regulatory Issues	16
EDC Financial Risk Assessment	16
CONTACTS	18

LIST OF TABLES

Table 1:	Holidays	13
-----------------	----------------	----

GEOGRAPHY

Thailand is situated in the Indochina peninsula, and occupies an area of about 513,115 km². It has two distinct climates: a tropical savannah climate in most parts of the country, and a tropical monsoon climate in the southern and south-eastern

regions. There are three well defined seasons: the hot season (March through May), the rains season (June through October) and the cool season (November through February).



DEMOGRAPHICS

The overall population density is 106 persons per km². The density of the Bangkok metropolis is 3758 persons per km². Three quarters of the population live in rural areas. Thailand's population was 60.4 million people in 1996 and is expected to grow at a rate of 0.9 percent from 1993-2000. About 75 percent of the population live in rural areas, with only about 25 percent in towns and cities.

Thailand's UN human development world rank was 58 of 174 in 1995. In 1990, 7 percent of the urban population and 29 percent of the rural population were estimated to live in poverty.

Most people in Thailand belong to the Thai ethnic group. The next largest ethnic groups consist of

Malays and Khmers. Small ethnic groups include the Hmong, the Karen, and other isolated hill peoples in the far north and northwest, and a number of Indians and Vietnamese.

Each Thai village has a *wat* (Buddhist temple-monastery), which serves as the religious and social centre of the community. Village life in Thailand traditionally has been organized around religious and agricultural rituals and festivals.

More recently, radio and television also have a strong influence. Since the early 1960s, large numbers of Thai have moved from rural areas to cities. As a result, a large, educated middle class has emerged in Bangkok and other cities. The literacy rate is 93 percent.

ECONOMIC OVERVIEW

Thailand's economic development policies are based on a competitive, export-oriented, free market philosophy. Its economy is well along in a transition from an agricultural base to a more open and broadly based economy with a large manufacturing sector.

Thailand's economy is now entering a new phase, slowing from the rapid double-digit growth rates such as that in 1995. Thailand's annual GDP growth, although still impressive by world standards, had dropped to 8.5 percent. Real growth is projected to be sustained in the 8 percent range in 1996, continuing the strong performance registered since the mid-1980s. Economic expansion continues to be supported by increases in private sector consumption generated by higher farm incomes, increased export earnings and the upward adjustment of wages and salaries in both the private and public sectors. Government outlays in infrastructure development projects and in projects aimed at distributions of growth in provincial areas, were also accelerated.

Per capita GDP in 1994 reached \$3,383 (almost 13 percent of Canadian per capita income).

It is important to note that there is a disparity of wealth between Bangkok and the rest of the

country. In fact, Bangkok, which accounts for 17 percent of the population, generates 59 percent of the wealth.

Thailand's trade relations have traditionally been oriented toward distant markets, particularly those in North America and Europe. The creation of an ASEAN Free Trade Area, agreed to by ASEAN heads of government at their January, 1992 summit meeting in Singapore, may contribute to more rapid growth in Thai trade with its ASEAN partners in the coming years. Thailand has already implemented the first round of duty cuts on very high-tariff goods imported from ASEAN countries.

Rapid economic growth has had some drawbacks. Thailand's infrastructure bottlenecks and shortages of skilled personnel will limit the pace of future growth. The level of education of the workforce will have to be raised to maintain Thailand's development pace and competitiveness with neighbouring countries that have lower wages. Thailand will spend more than US\$60 billion in the balance of this decade on infrastructure, with US\$30 billion on expanded electrical generating capacity.

POLITICAL OVERVIEW

Thailand is a constitutional monarchy with a Westminster-style parliament. Elections must be held every four years, but may be called more frequently. The Prime Minister must be an elected member of parliament. Political parties are not usually ideologically oriented. In nearly every case, they are formed around a key figure, usually

the party leader. Thailand's political orientation is moderate to conservative, and all political parties support a free market system.

Prime Minister General Chavalit Yongchaiyudh's government was newly elected in November, 1996.

TRADE POLICY

Thailand is Canada's 20th largest export market and its second largest export market in ASEAN. In 1996, bilateral trade reached \$1.56 billion. The 300-member Thai-Canadian Chamber of Commerce in Bangkok attests to the strong bilateral commercial interest.

Canadian exports to Thailand reached \$552.2 million in 1996 (1985 trade levels were \$130 million). Major Canadian exports to Thailand traditionally have included: boilers (power sector), asbestos, tin plate, newsprint, wheat and wood pulp. While commodities products continue to form a strong base, there has been a shift to more value-added products such as petroleum products, plastics and newsprint. Equipment sales in the transportation (aircraft), power, communications and pulp and paper sectors are on the increase, strongly supported by the Export Development Corporation (EDC). EDC has lines of credit totalling US\$75 million with three Thai banks.

Canadian imports from Thailand reached a record \$1.01 billion in 1996. The range of Thai exports to

Canada has become more diverse over recent years from agricultural/fisheries products and clothing to electrical machinery and electronic components. Mitsubishi's export of cars to Chrysler Canada rank fifth among Thailand's shipments to Canada.

Dominant foreign investors in Thailand are Japan, Taiwan, Hong Kong, the U.S. and the U.K. By comparison, Canadian investment in Thailand is modest, estimated by Statistics Canada at under \$15 million (1989). However, there has been considerable increase in recent years in Canadian firms' interest in longer-term commercial presence in Thailand.

CIDA's Industrial Cooperation support has led to investments ranging from chocolate production to a bronze foundry producing sculptures. CIDA's Enterprise Thailand-Canada project aims at expanding Canadian joint ventures, licensing arrangements and other commercial links with Thai business partners.

HOUSING CONDITIONS

Most Thai villagers live in traditional wood houses that are on stilts. The houses are built two to three metres above the ground mainly for protection against floods. In towns and cities, houses are typically made of stucco or concrete and are not on stilts. Middle-class Thai, especially in Bangkok, live in apartments, condominiums, or large developments of single-family homes. Some shop owners reside above their shops. The government provides limited housing for the urban poor, many of whom live in slums.

The World Bank housing indicators for Bangkok in 1990 indicated that the average floor area per person was 16.48 m², with 2.01 persons per room and 1.01 households per dwelling unit (the average size of a household in Thailand is 4.4 persons). Ninety-seven percent of structures were considered to be permanent and 76 percent had water connection. The percentage of owner-occupancy was 68 percent.

The total housing stock was 11.2 million units in 1992, and 101,000 new dwellings were completed

that year. In 1992, 20.2 percent of GDP was invested in residential construction. Total expenditure on housing represented US\$4 billion in 1992, or US\$70 per capita (3.3 percent of GNP per capita).

Over-supply exists in the housing sector. However, with the continuing growth of the economy and a large part of the population aged 25 to 44, the private construction industry is expected to remain a high growth sector. There is a recognized need for land development. Large opportunities exist for builders, land developers and renovators.

There are minimal barriers to construction in Thailand. Provincial authorities are responsible for issuing permits and licences to operate most production facilities. Only the largest developments require the involvement of national government departments.

In 1997, there may be opportunities for resort development projects along the ocean or along the sea.

HOUSING SECTOR

Overview

Thailand is a fast developing economy, growing at an annual rate of 8 to 10 percent. Per capita GDP recently exceeded US\$2000 per year. The country has an emerging middle class that is demanding more and better housing, primarily in the Bangkok region. Although there have been political disturbances in the recent past, the country is stable. Housing growth is 5.5 percent per year on a base of 12.3 million houses.

Major Participants in the Housing Industry

The major players in the Thai housing market are a large number (50-100) of integrated land development and construction firms including Land and Houses Co., Bangkok Land Co., Uninvest, and so forth. There are few, if any, small home builders in Thailand.

There are numerous government agencies with a mandate with respect to construction in Thailand.

- The Department of Interior has overall responsibility for land subdivision although laws have recently been amended, allowing for decentralization and giving authority to local administrations to approve land subdivision.
- The National Housing Authority has responsibility for public housing and slum rehabilitation including subsidies to the construction cost of low-income housing.
- Bangkok Metropolitan Administration is responsible for planning and management in the Bangkok region.
- The Department of Public Works approves building permits.

Notwithstanding the presence of these agencies, the industry has been largely unregulated. Planning exists in name only. Reality is that any entity with sufficient resources can build almost anything, anywhere. This de facto lack of planning has led to infrastructural problems especially traffic congestion.

Government is responding to this by the implementation of major transportation projects including elevated railways, toll ways, and a subway. Included among these infrastructural projects are rights given to the developers to develop land along the transportation route for housing.

Relevant Regulatory Systems

Thailand lacks a real estate industry as it is known in other countries. There is no multiple listing system, nor are there real estate agents other than those who may act for a specific developer. The resale market is especially complicated in that it is very difficult to obtain bank financing on “used” houses.

Foreigners cannot own land in Thailand nor can the Thai wife of a foreigner. Land tenure is complicated, there being at least four levels of “ownership”. There are frequent scandals involving the conversion of titles, especially by the elite, of land set aside by the government for redistribution to the poor.

Building permits were issued by the Department of Interior but more of this has been delegated to local authorities which, with the exception of the Bangkok Municipal Administration, are appointed by the Department of Interior.

Infrastructure, both physical and organizational, is a problem in Thailand.

Housing as a National Priority

Government policy assigns a higher priority to housing than to other structures such as hotels or commercial buildings. Of the total number of building permits issued, housing represents more than 50 percent.

The government of Thailand has recently embarked on an ambitious energy conservation program with funding equivalent to one billion dollars Canadian. While the primary focus of this program is on the industrial and commercial sectors, the government is aware that 23 percent of Thai energy demand is in the residential sector. This may, in future, create demand for energy

conserving products such as windows, insulation, and so on.

State of the Local Housing Market

Thailand has undergone an economic boom over the past decade with growth rates in the range of 8 to 10 percent annually. This has substantially transformed the society, and this is reflected in the demand for housing by the emerging middle class, especially in the Bangkok region. Housing supply is reported to have grown by 23 percent between 1991-93 in the form of condominiums, detached houses and town houses. As of the end of 1993, the high-end of the market was regarded as saturated. However, the demand for low- to middle-income housing has not been met.

State of Local Distribution Systems

Large developers buy directly from manufacturers or importers. There is no established building

product distribution system such as in Canada. However, a recent warehouse type distributor of housing and building products, the "Depot", has recently been established on a joint venture basis by a Canadian.

State of Local Transportation Systems

The Port of Bangkok is congested, as are many of the highway systems. Major infrastructure projects are underway to alleviate the problems associated with this congestion. However, goods are delivered relatively quickly once they have cleared customs. To avoid problems with customs, it is advisable to have a local agent.

MATERIALS, LABOUR AND FINANCING

Materials

The cost of locally supplied materials is competitive with similar products in Canada. There is an increasing problem with the supply of wood for both construction and finishing. Consequently, this traditional material is no longer widely used. Most materials are of local manufacture. Import duties in Thailand tend to be high, discouraging the use of imported material. The trend, however, is for the duties to decline.

Labour

The quality of construction is relatively low. This is a result of building techniques and unskilled labour. It is not a result of poor materials. Labour is largely unskilled and not specialized. The cost of unskilled labour is \$12 per 12-hour day.

Little equipment is used in housing construction. Builders rely on unskilled labour, paying in the range of \$10-13 per day. Skill level is low, resulting in low productivity, low quality and relatively high costs. Even this unskilled labour is becoming in short supply.

Thai construction techniques are time-consuming. It takes a minimum of 6 months and up to 18 months to complete a house. Given high interest rates (15-18 percent), this time factor is becoming a concern to developers. Labour represents approximately 40-50 percent of the cost of construction. The cost per square metre of a Thai house, excluding land, is comparable to that of Canadian houses if the cost of mechanical systems and basements are subtracted from that of Canadian houses.

Financing

The developers, many of which are publicly listed companies, will finance projects from equity and through banks. They will also secure a 25 to 35-percent deposit from a house purchaser at the time of ordering for a house which will be delivered approximately one year later. Mortgages are typically amortized over a 15 to 20 year period for new houses and are almost impossible to obtain for resales.

HOUSING MARKET ACTIVITY, NEED AND DEMAND

Local Technology

A typical middle class Thai house will range from 140 m² to 330 m² on two or three storeys with densities of 12-14 units per acre. In keeping with the status consciousness of many Thais, the exterior appearance of such a house will be impressive with the use of decorative pillars and balustrades.

The foundation is concrete friction piles supporting a poured concrete slab. Reinforced concrete columns are poured around rods protruding from the slab at six-foot intervals. Reinforced concrete beams are then poured in place on top of these columns. During the pouring and curing process, the beams are supported by poles cut from saplings. The spaces between the columns and between the slab and beams are filled with low-temperature fired brick which is roughly mortared into place. Openings are left for windows and doors. These walls are then parged inside and outside. Insulation is seldom used. Both interior dividing walls and structural walls are built in this manner.

Locally built, wood-framed, single-glazed windows and doors are fitted. The roof structure is made from steel sections welded and painted on site. Roof membrane is of glazed ceramic tiles. Electrical systems are two-wire 220v, 50hz without ground. The house will have two or two and one half bathrooms. Increasingly, these bathrooms are a western design rather than the traditional "wet" bathroom. Traditionally, kitchens in Thai houses are similar to Canadian summer kitchens. Heat and cooking odours are kept outside. However, in addition, many modern houses have western-type kitchens inside the house which are not actually used for cooking. Plumbing supply is threaded, galvanized steel pipe with some plastic used for drains into septic tanks without weeping beds. Locally manufactured plumbing fittings, sinks, and toilets are of good quality and readily available.

Interior finishes appear to be of high quality, incorporating locally made tiles and marble. However, close inspection will show them to be of medium quality and, poorly installed. There is a strong market for cabinet work, much of which is currently imported from Europe.

Mechanical systems are limited in Thai houses. A number of split-type air conditioners will be fitted on a room by room basis. (85 percent of the cooling load is for latent energy.) Solid walls do not readily lend themselves to centralized systems with distribution ducts. Locally manufactured air conditioners are rated for efficiency but houses into which they are installed are significantly energy inefficient. Most water heaters are a demand type although there are a few solar devices.

Local Housing Activities

The Thai housing industry is comprised of mainly large, vertically integrated land developers and builders that number between 50 and 100. These developers hire almost all labour directly. When they do subcontract, it is usually to companies that are affiliated with the developer in some manner. Specialized trades as they are known in North America, do not generally exist in the country.

Housing Need

Thailand uses a series of five-year development plans written by the National Economic and Social Development Board. The eighth plan is effective from 1997-2001. The population of the country is expected to grow at a rate of 1.4 percent per year or by 2.9 million over the five-year period. In the Bangkok region it is expected to grow by 1.1 million over the five-year period.

The estimated demand for housing over the period 1997-2001 is 1.5 million for the entire country or 300,000 units per year. In the Bangkok region, it is expected to grow by 550,000 or 110,000 units per year. This includes new and replacement housing.

The Bangkok Metropolitan Administration estimates that land requirements to meet the

housing demand in the Bangkok region through the year 2005 is 32,000 hectares. Of this, 25,000 hectares will be in the suburban regions.

The National Housing Authority during this period plans to build 200,000 low-cost units.

The Thai economy is expected to continue impressive growth rates of 8 to 10 percent per year. The middle class also continues to grow, demanding more and better single-family units as the relatively young Thai population forms family units. Employment will remain high especially for the educated.

The demand for housing is estimated at 300,000 units per year over the 1997-2001 period.

Typically this will be 34 percent townhouses, 24 percent condominiums, 30 percent detached houses and 12 percent low-income houses.

Thai society is status conscious and has a tendency towards the latest fad. There is a general appreciation for western-type housing which creates an opportunity to sell high quality western housing products in the country. In 1996, housing is considered to be in over-supply although this does not affect the demand projections as noted above. Developers wishing to differentiate their products by incorporating western-type housing features may be a receptive market for Canadian suppliers.

EXPORT OPPORTUNITIES AND STRATEGIES

Thailand is one of Asia's major emerging markets, with a population of 60 million and a rapidly growing economy. The average annual economic growth between 1992-94 was 8.2 percent. The country presently imports over \$1 billion in building materials, and imports are growing at an annual rate of 5 percent. In 1994, Canadian companies exported \$9 million in building materials to Thailand. Building materials were identified by the U.S. Department of Commerce as one of the more promising product sectors for export to Thailand.

Principal Foreign Competitors

The Thai housing market has been protected from foreign materials by high duties for a considerable period of time. There is a limited demand for high-end imported housing kits. One company imports log houses from the U.S. which are sold at high prices to upper-middle class Thais. Dominated as it is by a limited number of large, integrated development companies, the Thai housing industry has been slow to adopt technical changes to improve efficiency or quality. An exceptional example however, is a French initiated joint venture to produce prefabricated concrete structures on a large development in a suburb of Bangkok.

Opportunities

Opportunities exist for Canadian firms specializing in the supply of building technologies and components. Technologies allowing to decrease the construction time and the requirements in manual labour are the most likely to be well received. The study team was able to identify the following specific opportunities for demand in the short term:

- steel studs and sections for load-bearing and non-load bearing walls;
- plumbing materials;
- wood finishes, floors and related products;
- air conditioning systems;
- home automation and controllers; and
- window units.

The emerging middle class in Thailand demands higher quality, more comfortable housing. Middle class houses now have at least two and as many as five split unit air conditioners each of which services one room. This represents high capital costs, significant operating costs but does not give a high level of comfort.

There is an opportunity to introduce central air conditioners to the new housing market in countries which adopt framing construction to replace the traditional solid masonry construction. Solid masonry construction does not provide for centralized ventilation system.

The emerging middle class demands for housing now include many western tastes represented by the demand for finished cabinetry and, in particular, wood finishes.

High import duties, especially on products with high value added, have resulted in the establishments of many joint ventures between foreign and Thai companies. There is an opportunity to supply technology leading to long-term benefits.

It is probable that the Thai housing market will grow at significant rates over the next decade as both the economy and middle class grow. It is also probable that the Thai housing technologies will undergo major changes in the forthcoming decade. These changes will be driven by a variety of factors including cost of financing, energy considerations, labour supply and the need for better quality. Changes will require the provision of building techniques that are less labour intensive and more amenable to high quality. There will also be a requirement for energy conservation features such as improved windows and doors, insulation, air tightness, ventilation, and so forth.

Strategies

Foreign companies successfully selling into Thailand frequently secure the services of a local agent who can ease the process of dealing with the local business culture including the government agencies, such as customs.

Personal contacts and relationships are important to successful business activities within this culture.

BUSINESS ENVIRONMENT

Business Customs

Thai is the national language; English is the next most commonly spoken language, especially among the business community.

Business relationships in Thailand are not as formal as those found in Japan, China, Korea, or the Middle East, but neither are they as relaxed and impersonal as is common in the West. Many business relationships have their foundations in personal relationships developed within the social circles of family, friends, classmates, and office colleagues. Although Thailand is a relatively open and friendly society, it is not advisable to approach potential business contacts without a prior introduction or personal reference. Thais will be more receptive if you arrive with an introduction or letter from a known government official or business contact.

The Thai cultural values of patience, respect for status (age, authority, etc.), and not losing face, are significant factors in business relationships as well. Losing patience, or using what may be perceived as an overly aggressive approach will probably not achieve the desired results. It might be important upon first meeting someone to exchange personal information.

Passports and onward or return tickets are required when travelling to Thailand. Visas are not needed for stays of up to one month. However, without a visa, entry is permitted only when arriving at the international airports in Bangkok, Phuket, Hat Yai or Chiang Mai. For longer stays, or overland entry, travellers can obtain visas in advance from a Thai embassy or consulate. For stays of up to 90 days a tourist visa is required.

Table 1 shows the commercial holidays, which will close most business and government offices in Thailand.

Business Infrastructure

Thailand's road system compares favourably with that of other developing countries in the region. However, because a significant percentage of the population lives in the Bangkok area, city traffic is

constantly congested. Expressways, highways, and mass transit infrastructure are all in the works to help eliminate congestion problems. The first phase of the skytrain mass transit system was completed in 1995, and two other mass transit systems are currently being considered to facilitate public transport throughout Bangkok.

**Table 1:
Holidays**

January 1	New Year's Day
January 31-Feb. 1	Chinese New Year
February 14	Magha Puja Day
April 6	King Rama I Memorial and Chakri Day
April 12-14	Songkran Buddhist New Year
May 1	Labour Day
May 5	Coronation Day
May 15	Visakha Puja Day
July 12	Buddhist Lent Day
August 14	Her Majesty the Queen's Birthday
October 23	Chulalongkorn Day
December 5	His Majesty the King's Birthday
December 11	Constitution Day

The State Railway of Thailand operates 3,800 kilometres of railway tracks with 623 destinations and four main routes:

- Bangkok-North to Chiang Mai;
- Northeast to Nongkhai and Ubon Rajathani;
- East to Prachinburi; and
- South to the Thai-Malaysian border. A rail route from the Eastern Seaboard Development Project to Bangkok is being built to facilitate transportation of cargo.

Thailand has coastlines on the Gulf of Thailand and on the Andaman Sea with 58 sea channels, 40 operational seaports and 90 fishing trawler piers. Out of 6,000 kilometres of navigable inland waterways, 1,750 kilometres can be used as transportation routes for bulk cargoes. Thailand offers the advantages of low-priced handling costs, cheap labour and inexpensive storage costs.

Currently, Thailand has 27 domestic airports, 5 of which meet international requirements for port of

entry. Bangkok International Airport is located about one hour outside of Bangkok City, with a current maximum passenger capacity of 16 million annually. In response to predicted growth in air flight passenger and cargo demand, the government has already selected an American engineering consortium to design the main terminal building for the Second Bangkok International Airport (SBIA) at Nong Ngu Hao in Samutprakarn Province. With an initial projected capacity of 30,000 passengers daily at SBIA, Bangkok will soon rival Singapore as a regional aviation hub.

One of the major weaknesses in Thailand's infrastructure has been the inability of telecommunications, water and utilities facilities to keep up with growing demand. Therefore, the cost of securing a telephone line is very expensive, ranging from \$1,000 to \$2,000, and will remain high until capacity catches up with demand. This is expected to occur in the next two years. Water and utilities rates are generally high, but vary with location.

There is a wide range of hotel accommodations available for the business traveller.

Distribution and Sales Channels

There are three main channels of distribution available to Canadian exporters. The first includes large, well-established trading companies with strong financial resources and sales volumes, as well as an extensive presence in many industrial sectors. This category includes many Japanese trading companies, as well as the Thai organization, Berli Juker, the U.S. firm, Louis T. Leonowens, and European trading companies such as B. Grimm, Diethelm, East Asiatic Company, FE Zuellig, and Inchcape.

In many cases, these large traders form marketing or production joint ventures with foreign firms when import volumes reach a sufficient level to justify local investment. Where the market is highly specialized (e.g., defence), however, these large import or distribution companies often shy away from direct involvement, preferring to rely on sub-dealers or agents who possess the requisite contacts or expertise.

The second available channel is precisely these smaller importers who generally specialize in one line of business in which they have proven networks and market know-how. The third channel consists of start-up companies that are just learning the ropes of the import/distribution business.

Finding a Partner

Agreements between foreign suppliers and local agents or distributors are governed by the general contract law under the Thailand Civil and Commercial Code. The relationship between the two parties is basically a buyer-seller relationship under a sale of goods contract. Under the Thai Revenue Code, this arrangement avoids any tax liability for the supplier.

New market entrants should appoint an established agent or distributor with good local contacts, market expertise, and technical know-how. Canadian exporters must invest sufficient time in selecting a qualified agent and providing training for marketing and technical support staff. Frequent contact with local representatives is critical, especially at the outset, in order to build a good working relationship based on shared values and goals.

Joint Ventures and Licensing

Joint ventures and licensing agreements are important market entry strategies for Canadian exporters to Thailand. In many cases, the only way to overcome costly freight charges, import restrictions, and competition from cheap local goods is via local production. This is becoming increasingly so now that Thai firms have moved up the technological ladder to compensate for rising local labour costs compared with other parts of Southeast Asia and southern China.

Many Thai firms actively seek foreign joint venture partners who bring technical, marketing, and management skills to a business relationship. In turn, Thai firms generally offer plenty of capital, valuable local vendor and government contacts, and established business relationships throughout the region.

Establishing an Office

The primary organizational forms for commercial enterprises are the sole proprietorship, partnership,

limited liability company, joint venture and foreign branch. All are similar in nature to those found in the West. Limited liability companies, though, tend to be more private than public in Thailand. The majority of foreign corporations operating in Thailand do so through these private limited liability companies.

Selling Factors and Techniques

To differentiate themselves from local and third country competitors, Canadian firms should use their strengths such as quality, innovation, technology enhancements, and customer service to maximum advantage. Thai customers have come to expect more and better styles and designs, regular product upgrades, and updated technology from foreign companies.

Advertising and Trade Promotion

Advertising and trade promotion are important marketing tools in Thailand. In particular, foodstuffs and consumer products should be promoted heavily via a full range of mass media. In Thailand, many companies rely heavily on the two major English-language newspapers, “The Bangkok Post” and “The Nation,” for advertising, but Thai-language publications should also be considered. The most popular daily newspapers in Thai are “Krung Thep Turrakit” (Bangkok Business News) and “Manager”. Special promotional campaigns should be conducted at local shopping centres, hotels, and convention halls.

For industrial products, it is advisable to translate all product literature and technical specifications into Thai, to advertise in trade journals, and to organize technical seminars. Successful firms also arrange for Thai agents and major customers to receive specialized training in Canada and even donate equipment for training purposes in Thailand.

Pricing Products

Detailed market analysis is needed for developing a pricing strategy in Thailand. Foreign firms need to study such factors as the channels of distribution, the necessary sales and promotion techniques, and the current pricing practices of key competitors.

Sales Service and Customer Support

To build confidence among Thai consumers and business partners, Canadian exporters should visit Thailand often and work closely with their local agents and clients. Many firms benefit from the rotation of engineers to assist with the training of local representatives and to accompany them on sales calls. Successful firms understand the importance of providing marketing and technical assistance. Canadian firms should also find ways of extending credit to their Thai customers. The Europeans and the Japanese often use aggressive financing tactics to win deals.

Selling to the Government

Foreign companies actively pursue government procurement opportunities in such key fields as power generation and transmission, petroleum refining and petrochemicals, telecommunications, transportation, the environment, health care, and defence. The key to successful bidding on Thai government contracts and supply tenders is to have a reputable local representative with good access to the procuring agency and knowledge of specific requirements. Without this intermediary, it is very difficult to win a government project. Representatives are accepted as legitimate players in the bidding process. Agents often provide early notice to foreign firms when they hear of attractive tenders. Before these tenders are even issued, they can ensure that the principal’s product is specified.

A specific set of rules commonly referred to as the “Prime Minister’s Procurement Regulations” govern public sector procurement. These regulations require that non-discriminatory treatment be accorded to all potential bidders. They do, however, provide preferential treatment to domestic suppliers who receive an automatic 15 percent price advantage over foreign bidders in initial round bid evaluations. The specific laws that apply to international tenders are Regulations 87 and 89, which generally adhere to established international procedures.

Protecting Your Intellectual Property

Inadequate protection in Thailand for copyright, patent, and trademark holders remains a serious trade issue. Canadian firms should protect

themselves by registering all of their intellectual property. Lawyers specializing in this area can initiate legal actions to combat piracy, although this can be a lengthy process. The Thai government is also taking legislative and administrative steps to update and increase enforcement of existing laws.

Need for Local Legal Assistance

The services of a local lawyer are required for executing distributorship agreements and setting up offices in Thailand.

Normally, the paperwork can be completed quickly and easily. They also advise on the various types of business organizations and assist in registering firms under the Treaty of Amity and in obtaining the requisite permits. Lawyers are needed for registering patents and trademarks and for taking other legal measures to protect a product from intellectual property right infringement.

Regulatory Issues

Import restrictions are minimal and only a select few goods require licences, including some foods, materials and industrial products.

Most duties are ad valorem and are arranged into three categories that include finished goods, intermediate goods, and raw materials. Higher tariffs range from 30 to 150 percent, with middle rates ranging from 20 to 30 percent, and lower rates ranging from 5 to 15 percent.

Documentation necessary for exports include a commercial invoice, bill of lading, import entry forms, and letters of credit, where applicable.

There are no actual free-trade zones or ports in Thailand. However, a number of export processing zones have bonded warehousing facilities. In addition, bonded warehousing facilities exist at many of the Thai sea and airports, although charges are levied for storage after the first 72 hours.

Thailand has significantly liberalized exchange controls. No restrictions apply to capital investment and foreign borrowing. Repatriation of investment funds, dividends, and profits, loan repayments and interest payments, net of all taxes, may be made freely. Trade transactions are

permitted without restriction, although export proceeds in excess of US\$2,000 must be deposited with an authorized bank.

EDC Financial Risk Assessment

The Export Development Corporation (EDC) helps Canadian companies compete in world markets through the provision of financial and risk management services. These include export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

The following information was obtained from the EDC Country Risks and Opportunities book (fall, 1996).

These issues should be taken into consideration when assessing financial risk in Thailand:

- Political squabbling in Thailand has shaken investors' confidence and precipitated a banking crisis in May 1996 when the opposition disclosed the massive bad debts of the Bangkok Bank of Commerce (BBC)—the eighth largest of the 15 commercial banks. In addition, prices on the Stock Exchange and the exchange rate markets for the baht have been volatile.
- Current macro-economic policy, which encourages the private sector and foreign investment, has been targeting fast rates of growth. Hence, growth has been exceeding 3 percent a year since the beginning of the 1990s. It was 8.7 percent in 1995, due to higher than expected agricultural growth, strong domestic demand conditions and robust export growth. Based on current policies, another year of strong growth (8.3 percent) is anticipated for 1996.
- Sustaining high rates of growth in the future depends on the government's ability to contain rising wage costs, guide labour-intensive industries towards higher value-added production, upgrade deficient infrastructure, and narrow the development gap between Bangkok and the rest of the country.
- Strong domestic demand, accompanied by post-election spending has boosted inflation to close to six percent, which is historically high for Thailand.
- Rapid industrialization, accompanied by sizeable imports of capital goods, has led to a

very large trade deficit, despite strong exports. Possibly the most disturbing aspect of the country's economic performance is the large external current account deficit. It has been equivalent to 3 percent of GDP for the past two years. Such a level is unsustainable over the medium term. Based on current policies, the current account is expected to remain very large over the next few years.

- To attract capital inflows to finance those deficits, and also to control inflation, the government has been maintaining high interest rates. The result is that the external debt is very large, in the area of US\$100 billion, of which fully, half is short-term debt. Capital inflows have been of a more speculative nature. This has makes Thailand far more vulnerable to international financial shocks and sudden changes in investor sentiment towards the country. Hence, Moody's downgraded the short-term sovereign debt rating in September 1996.
- It would be desirable that Thailand generate larger budgetary surpluses and, above all,

adopt a more flexible exchange rate policy. However, the government is reluctant to change policies that have been serving the economy so well in the past, namely a stable exchange rate which has been contributing to increased exports and the maintenance of confidence.

- The short-term outlook in Thailand is uncertain. Even though foreign reserves are equivalent to 6 months of imports and the debt service ratio is only 12.5 percent, the country is vulnerable to a liquidity crisis. Reserves are smaller than the total short-term debt. The medium-term prospects need to be monitored because of the structure of the external debt, and also because debt will move up as a result of having to finance larger current account deficits over the next few years.

Collection Experience

The overall experience is good. A full range of trading terms is common. There are no credit or financial issues.

Canada Mortgage and Housing Corporation

Housing Export Centre

700 Montreal Road
Ottawa, ON K1A 0P7

Tel.: 1-800-465-6212 or
(613) 748-2000
Fax: (613) 748-2302

Canadian Government Departments and Services

Department of Foreign Affairs and
International Trade (DFAIT)

InfoCentre
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2

Tel.: 1-800-267-8376 or
(613) 944-4000
Fax: (613) 996-9709
FaxLink: (613) 944-4500
InfoCentre Bulletin Board:
Tel.: 1-800-628-1581 or
(613) 944-1581

Southeast Asia Trade Division
South East Asia Division (PSE)
125 Sussex Drive
Ottawa, ON K1A 0G2

Tel.: (613) 995-7662
Fax: (613) 944-1604

Canadian Embassy in Thailand

The Boonmitr Building
12th Floor, 138 Silom Road
Bangkok 10500
Kingdom of Thailand

Tel.: (011-66-2) 237-4126
Fax: (011-66-2)
236-6463 236-7119

International Trade Centres

Newfoundland

International Trade Centre
P.O. Box 8950
Atlantic Place
215 Water Street
Suite 504
St. John's, NF A1B 3R9

Tel.: (709) 772-5511
Fax: (709) 772-5093

Prince Edward Island

International Trade Centre
P.O. Box 1115
Confederation Court Mall
134 Kent Street
Suite 400
Charlottetown, PE C1A 7M8

Tel.: (902) 566-7443
Fax: (902) 566-7450

Nova Scotia

International Trade Centre
P.O. Box 940, Station M
1801 Hollis Street
Halifax, NS B3J 2V9

Tel.: (902) 426-7540
Fax: (902) 426-5218

New Brunswick

International Trade Centre
1045 Main Street
Unit 103
Moncton, NB E1C 1H1

Tel.: (506) 851-6452
Fax: (506) 851-6429

Quebec

International Trade Centre
5 Place Ville-Marie
Seventh Floor
Montreal, PQ H3B 2G2

Tel.: (514) 283-6328
Fax: (514) 283-8794

Ontario

International Trade Centre
Dominion Public Building
1 Front St. West
Fourth Floor
Toronto, ON M5J 1A4

Tel.: (416) 973-5053
Fax: (416) 973-8161

Manitoba

International Trade Centre
P.O. Box 981
330 Portage Avenue
8th Floor
Winnipeg, MB R3G 2V2

Tel.: (204) 983-5851
Fax: (204) 983-3182

International Trade Centres (cont'd)

Saskatchewan	International Trade Centre The S.J. Cohen Building 119-4 th Avenue South Suite 401 Saskatoon, SK S7K 5X2	Tel.: (306) 975-5315 Fax: (306) 975-5334
Alberta <i>* Edmonton office is also responsible for Northwest Territories</i>	International Trade Centre Canada Place 9700 Jasper Avenue Room 540 Edmonton, AB T5J 4C3 510-5th Street S.W. Suite 1100 Calgary, AB T2P 3S2	Tel.: (403) 495-2944 Fax: (403) 495-4507 Tel.: (403) 292-4575 Fax: (403) 292-4578
British Columbia <i>* Vancouver office is also responsible for the Yukon</i>	International Trade Centre 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1	Tel.: (604) 666-0434 Fax: (604) 666-0954

Export Development Corporation (EDC)

Ottawa	151 O'Connor Street Ottawa, ON K1A 1K3	Tel.: (613) 598-2500 Fax: (613) 237-2690
Vancouver	One Bentall Centre 505 Burrard Street Suite 1030 Vancouver, BC V7X 1M5	Tel.: (604) 666-6234 Fax: (604) 666-7550
Calgary	510-5th Street S.W. Suite 1030 Calgary, AB T2P 3S2	Tel.: (403) 292-6898 Fax: (403) 292-6902
Winnipeg <i>* office also serves Saskatchewan</i>	330 Portage Avenue Eighth Floor Winnipeg, MB R3C 0C4	Tel.: (204) 983-5114 Fax: (204) 983-2187
Toronto	National Bank Building 150 York Street Suite 810 P.O. Box 810 Toronto, ON M5H 3S5	Tel.: (416) 973-6211 Fax: (416) 862-1267
London	Talbot Centre 148 Fullarton Street Suite 1512 London, ON N6A 5P3	Tel.: (519) 645-5828 Fax: (519) 645-5580
Montreal	Tour de la Bourse 800 Victoria Square Suite 4520 P.O. Box 124 Montreal, PQ H4Z 1C3	Tel.: (514) 283-3013 Fax: (514) 878-9891
Halifax	Purdy's Wharf, Tower 2 1969 Upper Water Street Suite 1410 Halifax, NS B3J 3R7	Tel.: (902) 429-0426 Fax: (902) 423-0881

Thailand Government Offices in Canada

Royal Thai Embassy	180 Island Park Drive Ottawa, ON K1Y 0A2	Tel.: (613) 722-4444 Fax: (613) 722-6624
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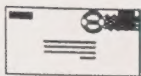
Multilateral Organizations

World Bank	Washington, DC 20433 U.S.A.	Tel.: (202) 477-1234 Fax: (202) 477-6391
Office for Liaison with International Financial Institutions	Canadian Embassy 501 Pennsylvania Avenue N.W. Washington, DC 20001	Tel.: (202) 682-7719 Fax: (202) 682-7726

Business and Professional Organizations in Canada

ASEAN-Canada Business Council (ACBC)	c/o Canadian Chamber of Commerce 55 Metcalfe Street Ottawa, ON K1P 6N4	Tel: (613) 238-4000 Fax: (613) 238-7643
Asia Pacific Foundation	666-999 Canada Place Vancouver, BC V6C 3E1	Tel: (604) 684-5986 Fax: (604) 681-1370
Alliance of Manufacturers and Exporters Canada	99 Bank Street, Suite 250 Ottawa, ON K1P 6B9	Tel: (613) 238-8888 Fax: (613) 563-9218

HOUSING EXPORT OPPORTUNITIES SERIES ORDER FORM



CMHC
P.O. Box 35005
Stn BRM B
Toronto, ON
M7Y 6E5



1-800-668-2642
Outside Canada call
1-613-748-2003



FAX TO
1-800-245-9274
 Outside Canada
1-613-748-2016

Charge to VISA, American Express or MasterCard.

To avoid double billing,
please do not send
confirmation.

VISA, American Express,
and MasterCard.

To avoid double billing,
please do not send
confirmation. A fax will
be treated as an original order.

METHOD OF PAYMENT

<input type="checkbox"/>	Please charge my
	VISA <input type="checkbox"/> American Express <input type="checkbox"/> MasterCard <input type="checkbox"/>
	Card Number _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _
	Expiry Date _ _ _ _ _ _
	Signature _____
<input type="checkbox"/>	Payment enclosed \$ _____ Please make cheque or money order payable to CMHC

To Complete See Example on Reverse Side

[illegible]

TAX TABLE

7% GST applicable to all items. PST/HST/GST applicable to shipping.
for PEI and Québec, PST is calculated on shipping plus GST.

U.S. and International orders, please pay subtotal C in U.S. funds.

Province	GST	PST	HST
Alberta	7% of C	—	—
B.C., Manitoba, & Sask.	7% of C	7% of B	—
Ontario	7% of C	8% of B	—
N.B., N.S., NF	7% of A	—	15% of B
Québec	7% of C	6.5% of B + GST	—
P.E.I.	7% of C	10% of B + GST	—

GST Registration # 100756428

Subtotal Column 3	A
ADD Shipping & Handling Regular Mail <input type="checkbox"/> Courier <input type="checkbox"/>	B
Subtotal (Add A + B)	C
Appropriate Taxes (refer to table at left)	D
Total (Add C + D)	E

Subtotal
Column 5

Refer to Shipping
and Handling Charges
on the back of this
form for the shipping
and handling amount.

SEE
EXAMPLE
ON REVERSE

Shipping and Handling Charges

Points	Canada Regular Rates	Canada Courier Rates	U.S. Regular Air Rates	U.S. Courier Rates	International Regular Air Rates	International Courier Rates	Europe Courier Rates
1	2.55	5.00	5.00	11.00	7.00	24.00	19.00
2	3.65	8.00	6.50	14.00	9.00	30.00	25.00
3 to 5	5.80	11.07	8.11	30.75	12.18	63.75	47.75
6 to 10	6.18	11.07	12.46	34.75	20.61	88.75	55.75
11 to 20	6.43	12.35	18.08	42.75	38.77	118.75	71.75
21 to 40	6.94	14.90	23.81	58.75	64.65	193.75	103.75
41 to 60	7.44	17.62	29.48	74.75	68.12	253.75	129.75
61 to 80	7.95	20.51	35.15	90.75	117.36	313.75	149.75
81 to 100	8.45	23.35	40.92	106.75	146.60	373.75	169.75
101 to 120	8.96	26.20	46.59	120.75	166.71	433.75	189.75
121 to 140	9.46	29.05	52.31	134.75	184.72	493.75	209.75
141 to 160	9.97	31.90	58.00	148.75	207.45	553.75	229.75
161 to 180	10.47	34.75	63.71	162.75	228.92	613.75	249.75
181 to 200	10.98	35.60	69.38	176.75	250.29	658.75	269.75
201 to 220	11.48	40.45	75.05	190.75	N/A	718.75	289.75
221 to 240	11.99	43.30	80.72	204.75	N/A	778.75	309.75
241 to 260	12.49	46.15	86.49	218.75	N/A	838.75	329.75
261 to 280	13.00	49.00	92.21	232.75	N/A	901.75	349.75
281 to 300	13.50	51.85	97.88	246.75	N/A	958.75	369.75
Estimated Delivery times	2-3 weeks	5-10 days	2-3 weeks	5-10 days	4-8 weeks	12 days	12 days

Prices Subject to Change

CMHC Return Policy

We will replace damaged materials and correct shipping errors if we are notified within thirty days after you receive your shipment. If an item is not defective or not mistakenly shipped, then it must be returned by you at your cost within thirty days of receipt. It must arrive here in resaleable condition for you to receive credit.

International Note: Most international return shipments arrive damaged. If you received damaged items, contact CMHC at (613) 748-2969. Please do NOT return the damaged items unless we ask.

Example: To complete order form and determine shipping and handling charges

ORDER NUMBER	REPORT TITLE <small>Please be sure the order number and report title match the listing</small>	1 QTY	2 ITEM AMOUNT \$	3 TOTAL AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
NHA 8003	Brazil	1	35.-	35.-	3	3
NHA 8033	South Korea	2	35.-	70.-	3	6
					3	
					3	

<p style="text-align: center;">TAX TABLE</p> <p>7% GST applicable to all items. PST/HST/GST applicable to shipping. for PEI and Québec, PST is calculated on shipping plus GST.</p> <p>U.S. and International orders, please pay subtotal C in U.S. funds.</p> <table style="width: 100%;"> <tr> <th>Province</th> <th>GST</th> <th>PST</th> <th>HST</th> </tr> <tr> <td>Alberta</td> <td>7% of C</td> <td>-</td> <td>-</td> </tr> <tr> <td>B.C., Manitoba, & Sask.</td> <td>7% of C</td> <td>7% of B</td> <td>-</td> </tr> <tr> <td>Ontario</td> <td>7% of C</td> <td>8% of B</td> <td>-</td> </tr> <tr> <td>N.B., N.S., NF</td> <td>7% of A</td> <td>-</td> <td>15% of B</td> </tr> <tr> <td>Québec</td> <td>7% of C</td> <td>6.5% of B + GST</td> <td>-</td> </tr> <tr> <td>P.E.I.</td> <td>7% of C</td> <td>10% of B + GST</td> <td>-</td> </tr> </table> <p><small>GST Registration # 100756428</small></p>	Province	GST	PST	HST	Alberta	7% of C	-	-	B.C., Manitoba, & Sask.	7% of C	7% of B	-	Ontario	7% of C	8% of B	-	N.B., N.S., NF	7% of A	-	15% of B	Québec	7% of C	6.5% of B + GST	-	P.E.I.	7% of C	10% of B + GST	-	<p>Subtotal Column 3 A 105.-</p>	<p>ADD Shipping & Handling Regular Mail <input checked="" type="checkbox"/> Courier <input type="checkbox"/> B 6.18</p>	<p>Subtotal (Add A + B) C 111.18</p>	<p>Appropriate Taxes (refer to table at left) D 7.78</p>	<p>Total (Add C + D) E 118.96</p>	<p>Subtotal Column 5 9</p>
	Province	GST	PST	HST																														
	Alberta	7% of C	-	-																														
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P.E.I.	7% of C	10% of B + GST	-																															
						<p>Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.</p>																												

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